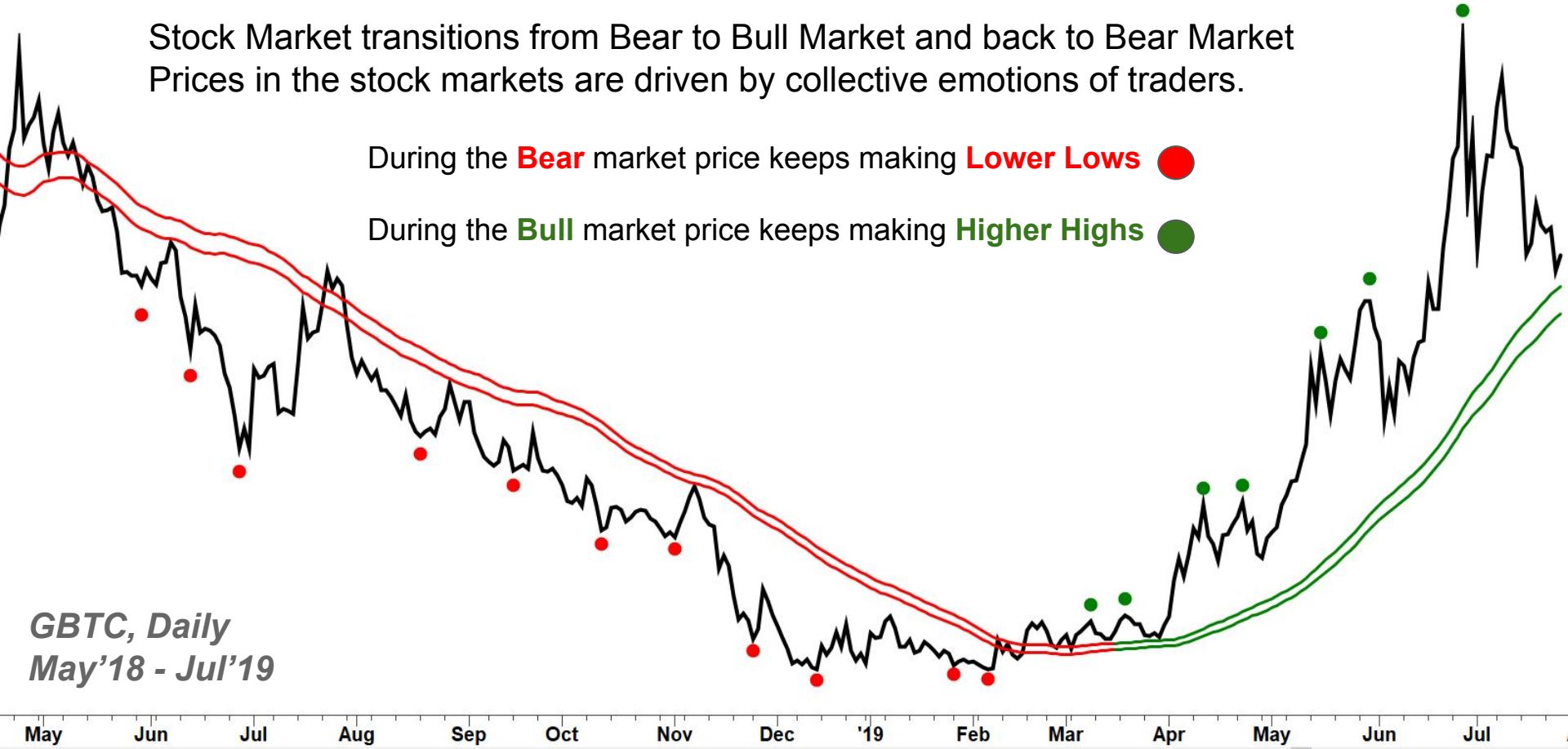
BEAR MARKET | BULL MARKET

Stock Market transitions from Bear to Bull Market and back to Bear Market
Prices in the stock markets are driven by collective emotions of traders.

During the **Bear** market price keeps making **Lower Lows**

During the **Bull** market price keeps making **Higher Highs**



GBTC, Daily
May'18 - Jul'19

BEAR MARKET | BULL MARKET

BEAR MARKET
BULL MARKET
The price for a stock keeps making new lower lows when more and more market participants get pessimistic about prospects of that stock.
Every new lower low makes more ever loyal investors to fall into despair and sell their holdings at loss.
GBTC, Daily
May'18 - Jul'19
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anxiety
denial
fear
Nobody wants to acknowledge that investment was a bad decision in the first place. They keep holding
At the end investors can not longer suppress anxiety and fear of the price of stock going to zero
panic
capitulation
despondency
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Bear markets may last for years. Price will be making lower lows pushing sentiment of the market participants from anxiety to despondency
But in the course of the bear market price often plays deceptive rallies. Those short lived relief rallies give false hope to bulls who still hope that the market will soon turn up
But every pullback makes lower highs
Every pullback makes bulls regret they did not sell at the previous bounce
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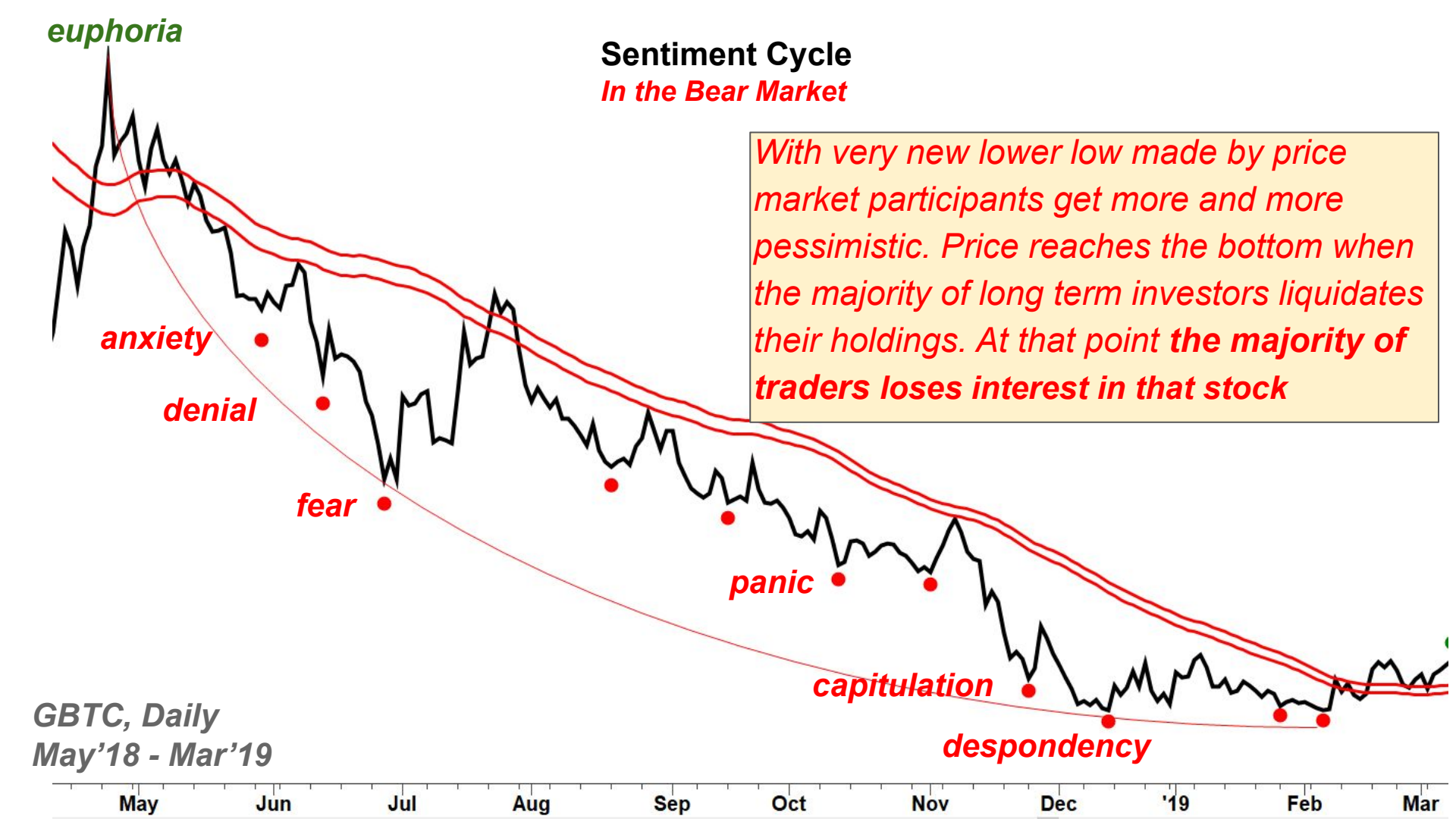
euphoria
Sentiment Cycle
In the Bear Market
With very new lower low made by price market participants get more and more pessimistic. Price reaches the bottom when the majority of long term investors liquidates their holdings. At that point the majority of traders loses interest in that stock
anxiety
denial
fear
panic
capitulation
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